

Share Purchase Plan Offer

The Offer closes at 5:00pm (Brisbane time) on 16 July 2013

THIS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY

27 June 2013

Highlights:

Offer to existing Australian Pacific Coal Limited ACN 086 206 986 (**AQC**) shareholders to participate in a Share Purchase Plan (**SPP**).

The SPP is an initiative that provides eligible shareholders with the opportunity to purchase additional Australian Pacific Coal shares at a discount and without brokerage and transaction costs.

The SPP will raise a maximum of \$1.75 million.

Shareholders can, at their election, take a **minimum** investment of \$500 representing 50,000 new shares and up to a **maximum** investment of \$15,000 representing 1,500,000 new shares under the SPP, at 1.0 cents per share.

The SPP is not underwritten.

AQC plans to use the funds raised from the SPP (after issue costs) to:

- fund further exploration drilling and geological review of current projects, in particular the Blackwater projects; and
- provide working capital.

Letter from the Chairman

Dear Shareholder,

The Directors of Australian Pacific Coal Limited ACN 086 206 986 (**AQC**) would like to invite you to participate in AQC's Share Purchase Plan (**SPP**).

1. Summary of the SPP

The SPP provides shareholders on the Company's share register at the Record Date with an opportunity to subscribe for a **minimum** investment of \$500 representing 50,000 new shares and up to a **maximum** investment of \$15,000 representing 1,500,000 new shares at an issue price of 1.0 cents per share in AQC, which represents an attractive discount to the market price in the period prior to the date of announcement of this SPP. The Board has structured the SPP to encourage our loyal, smaller shareholders to apply and increase their shareholding in AQC.

Only shareholders of AQC with a registered address in Australia or New Zealand on the share register as at 7pm (Brisbane time) on 26 June 2013 are afforded the opportunity to participate in the SPP. Shareholders who do not have a registered address in Australia or New Zealand as at this date will not receive an offer under the SPP. The rights of shareholders eligible to participate under this SPP are not transferable.

The Company proposes a maximum raising of \$1.75 million under the SPP, comprising the issue of some 175 million new shares at 1.0 cents per share. The SPP is not underwritten.

The proposed use of the funds raised under the SPP (after issue costs) is as follows:

- to allow ACQ to undertake further exploration drilling and geological review of current projects, in particular the Blackwater projects; and
- to provide ACQ with ongoing working capital.

Your Board supports this capital raising initiative.

2. Terms of the SPP

The terms and conditions of the SPP are outlined in the enclosed document. By making an application to purchase shares under the SPP, you will have agreed to be bound by those terms and conditions.

The right to participate in this offer under the SPP is available exclusively to persons who were registered as holders of fully paid ordinary shares in AQC at 7pm (Brisbane time) on the record date of 26 June 2013 and whose registered address is in Australia or, New Zealand. The Company has decided that it is unreasonable for Shareholders with registered addresses outside Australia and New Zealand to participate in this offer under the SPP, having regard to the number of Shareholders in those places, the number and value of the Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places.

Eligible shareholders are entitled to apply for a **minimum** of \$500 worth of new shares and up to a **maximum** of \$15,000 worth of new shares, at the Subscription Price of 1.0 cents per new share, under the SPP.

In the Application Form, you have the option to apply for new shares in the following amounts:

- 250,000 shares for \$2,500;
- 500,000 shares for \$5,000;
- 1,000,000 shares for \$10,000;
- 1,500,000 shares for \$15,000; or
- nominate your own subscription amount between a **minimum** investment of \$500 representing 50,000 new shares and a **maximum** investment of \$15,000 representing 1,500,000 new shares.

Compared with the Market Price over the last five days on which trading of AQC's shares on the ASX were recorded prior to the announcement of the SPP on 27 June 2013, the Subscription Price represents a discount of 17.4% to the weighted average trading price and a 19.4% discount to the Average Market Price over that period.

The Market Price of AQC's shares over the last five days of trading prior to the announcement of the SPP is as follows:

Date	Market Price	Volume
20 June 2013	\$0.013	375,000
21 June 2013	\$0.014	141,428
24 June 2013	\$0.012	1,150,000
25 June 2013	\$0.011	964,700
26 June 2013	\$0.012	1,142,600

To enable you to properly consider the offer under the SPP, set out below is a brief price history of the trading price of AQC's shares on the ASX over the period commencing 26 May 2013 and ending on 26 June 2013:

Period	High	Low	Weighted Average
26 May 2013 – 26 June 2013	\$0.016	\$0.011	\$0.013

Participation in the SPP is entirely at your discretion but the SPP is non-renounceable which means you cannot transfer your right to purchase shares under the SPP to anyone else.

On the basis of the issue price of shares under the SPP, the Directors recommend the SPP to shareholders. All of the Directors intend, in respect of their own shareholdings, to apply for new shares under the SPP.

The application period will close at 5.00pm (Brisbane time) on 16 July 2013. Therefore, if you wish to apply for any shares under the SPP, you should follow the instructions outlined in

the accompanying Application Form so payment is received at our Share Registrar by that date in cleared funds. Payment may be made by BPAY®, cheque, bank draft or money order.

It is proposed that the following timetable apply in respect of the SPP:

Event	Date
Record Date of the SPP (7.00pm Brisbane time)	26 June 2013
Opening Date of the SPP	2 July 2013
Closing Date of the SPP	16 July 2013
Issue and Allotment of new shares under the SPP	22 July 2013
Quotation of new shares under the SPP	22 July 2013

The above timetable is indicative only. AQC reserves the right to vary any of the key dates above, including the Closing Date and the Issue Date, without further notice.

If you are a “custodian” you may be required to submit a custodian certificate in order to participate on behalf of any beneficiaries. Further details in this regard are set out in the SPP Terms and Conditions.

For further information please contact the Company Secretary, Kevin Mischewski (during business hours):

Phone: if calling from within Australia 07 3221 0679.

Phone: if calling from outside Australia +61 7 3221 0679.

Yours sincerely



Peter Ziegler
Chairman
Australian Pacific Coal Limited

Terms and Conditions

Australian Pacific Coal Limited ACN 086 206 986

Terms and Conditions of the Share Purchase Plan dated 27 June 2013

WARNING

In making this offer to Eligible Shareholders in New Zealand, the Company is relying on the Securities Act (Overseas Companies) Exemption Notice 2002 (NZ), by virtue of which this document is not required to be registered in New Zealand.

The contents of this document have not been reviewed by any regulatory authority in any jurisdiction. Please read this document carefully before you make a decision to invest. If you are in any doubt about the contents of this document, you should obtain independent professional advice

1. Definitions

1.1 In this SPP, unless the context otherwise indicates:

Application Form means the application form distributed with these Terms and Conditions.

Application Amount means the total amount payable by an Eligible Shareholder who applies for Shares under the SPP based on the Subscription Price for the total number of Shares applied for by that Eligible Shareholder.

Average Market Price means the average of the Market Price for ordinary securities in the Company calculated over the last 5 days on which sales in the securities were recorded before the day on which the SPP was announced.

ASX means the Australian Securities Exchange.

Board means the board of directors of AQC from time to time.

AQC means Australian Pacific Coal Limited ACN 086 206 986.

Class Order means ASIC Class Order 09/425 dated 15 June 2009 as amended or supplemented from time to time.

Corporations Act means the *Corporations Act 2001* (Cth) as amended from time to time;

Custodian means a registered holder:

- (a) that holds an Australian financial services licence that:

- (1) covers the provision of a custodial or depository service (as defined in Section 766E of the Corporations Act); or
 - (2) includes a condition requiring the holder to comply with the requirements of ASIC Class Order 02/294; or
- (b) that is exempt under:
- (1) paragraph 7.6.01(1)(k) of the *Corporations Regulations 2001*; or
 - (2) ASIC Class Order 05/1270 to the extent that it relates to ASIC Class Order 03/184,
 - (3) ASIC Class Orders [CO 03/1099], [CO 03/1100], [CO 03/1101], [CO 03/1102], [CO 04/829] or [CO 04/1313];
 - (4) an individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in subparagraph (3) above;
 - (5) paragraph 911A(2)(h) of the Corporations Act,
- from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service; or
- (c) that is a trustee of a:
- (1) self-managed superannuation fund; or
 - (2) superannuation master trust; or
- (d) that is the responsible entity of an IDPS-like scheme; or
- (e) that is the registered holder of shares or interests in the class and is noted on the register of members of the body or scheme (as the case may be) as holding the shares or interests on account of another person.

Custodian Certificate means the certification required to be given by a Custodian to AQC pursuant to the Terms and Conditions.

Eligible Shareholders means those Shareholders who satisfy the conditions set out in clause 2.1.

Listing Rules means the official listing rules of the ASX (as amended from time to time).

Market Price has the meaning given to that term in the Listing Rules from time to time.

Offer means a non-renounceable offer of a **minimum** investment of \$500 representing 50,000 new shares and up to a **maximum** investment of \$15,000 representing 1,500,000 new shares under the SPP, at 1.0 cents per share worth of ordinary fully paid shares in AQC (at the Subscription Price) to Eligible Shareholders under the SPP.

Share Parcel has the meaning given in clause 3.3.

SPP means the Australian Pacific Coal Limited ACN 086 206 986 Share Purchase Plan approved by the Board.

Record Date means 7.00pm (Brisbane time) on 26 June 2013.

Share Registrar means Link Market Services Limited.

Shareholders means those persons or entities that hold ordinary shares in the issued capital of AQC.

Shares means up to a maximum of 175,000,000 new ordinary shares in AQC to be issued pursuant to the SPP.

Subscription Price means the subscription price of the Shares being 1.0 cents per Share.

Terms and Conditions means the terms and conditions set out in this document.

References to "\$" means a reference to the respective amount in Australian dollars.

2. Eligibility to participate

- 2.1 Those shareholders of AQC that will be eligible to apply for Shares under the SPP must:
- (a) be recorded in AQC's register of shareholders at 7.00pm (Brisbane time) on the Record Date; and
 - (b) have a registered address in Australia or New Zealand.
- 2.2 The Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an Offer.
- 2.3 If you are the only registered holder of a holding of AQC shares, but you receive more than one offer under the SPP (for example, due to multiple registered holdings), you may only apply in aggregate for a maximum of \$15,000 worth of Shares.
- 2.4 If you are registered with one or more persons as the joint shareholders of a holding of AQC shares, that joint holding is considered to be a single registered holding for the purpose of this SPP and the joint holders are entitled to participate in the SPP in respect of that single holding only. If the same joint holders receive more than one offer under the SPP due to multiple identical holdings, the joint holders may only apply in aggregate for a maximum of \$15,000 worth of Shares.
- 2.5 Custodians should refer to section 6 of the Terms and Conditions regarding Custodian participation. If you do not hold shares in AQC as a Custodian, these provisions do not apply.
- 2.6 If you hold AQC shares as a trustee or nominee for another person, but you are not a Custodian, you cannot participate for beneficiaries in the manner described in section 6 of the Terms and Conditions. In this case, the rules for multiple single holdings (see section 2.3 above) apply.

3. Terms of the offer

- 3.1 The Offer will be open for a period commencing on and from 9.00am (Brisbane time) on 2 July 2013 (**Opening Date**) until, subject to the discretion of the Board, 5.00pm (Brisbane time) on 16 July 2013 (**Closing Date**).
- 3.2 The Board reserves the right to close the Offer at any time prior to the Closing Date and/or extend the Closing Date without further notification.
- 3.3 In response to the Offer, Eligible Shareholders wishing to apply for Shares under the SPP may apply for, subject to clauses 5 and 6, a **minimum** investment of \$500 representing 50,000 new shares and up to a **maximum** investment of \$15,000 representing 1,500,000 new shares under the SPP, at 1.0 cents per share.
- 3.4 All Offers for Shares under the SPP are non-renounceable and therefore the right to participate in the SPP cannot be transferred.
- 3.5 Participation in the SPP by Eligible Shareholders is entirely optional and subject to these Terms and Conditions.

4. Applications for shares

- 4.1 Eligible Shareholders wishing to apply for Shares under the SPP must:
- (a) If paying by cheque, bank draft or money order:
- (1) complete the Application Form;
 - (2) pay the Application Amount in the manner specified on the Application Form; and
 - (3) forward the completed Application Form and payment for the Application Amount to AQC's Share Registrar at the addresses specified on the Application Form, to reach such addresses by no later than 5.00pm (Brisbane time) on the Closing Date.
- (b) If you elect to pay by BPAY® (subject to clause 4.3):
- (1) pay the Application Amount in the manner specified on the Application Form to be received by the Registry by BPAY® by no later than 5:00pm (Brisbane time) on the Closing Date; and
 - (2) do not return the Application Form.
- 4.2 The Application Form contains a unique reference number in relation to a Shareholder and an Eligible Shareholder must provide this unique reference number when paying the Application Amount electronically using BPAY. You should also be aware that your financial institution may implement earlier cut-off times with regards to electronic payments and you should therefore take this into consideration before submitting your application.
- 4.3 Please note that only Eligible Shareholders having an account with an Australian financial institution who participates in the BPAY® scheme have the ability to elect to use the BPAY® option.

- 4.4 All application monies will be deposited into an account and any application monies received in respect of any applications rejected by the Board under clauses 4.5 or 4.6 shall be refunded by AQC without interest.
- 4.5 The Board reserves the right to reject any application for Shares (in whole or in part) including (without limitation) if:
- (a) an Application Form is not correctly completed; or
 - (b) the applicant is not an Eligible Shareholder; or
 - (c) the issue of those Shares would contravene any law or the Listing Rules; or
 - (d) the exact payment for the Shares applied for is not received; or
 - (e) the application price is less than the minimum subscription amount of \$500;
 - (f) to accept the application in full would have the effect of exceeding the maximum offer of Shares under the SPP; or
 - (g) it is not reasonably satisfied that the issue of those Shares will not result in any person receiving ordinary shares in AQC with an application price totalling more than \$15,000 as a result of:
 - (1) Shares issued to the person or to a Custodian on that person's behalf (as a result of an instruction given by that person to the Custodian to apply for Shares on their behalf) under the SPP; and
 - (2) any other ordinary shares in AQC issued to the person or to a Custodian on that person's behalf (as a result of an instruction given by that person to the Custodian to apply for ordinary shares in AQC on their behalf) under an arrangement similar to the SPP operated by AQC in the 12 months prior to the Issue Date,

except to the extent that the person is issued with shares or interests as a Custodian under a custodian offer; or
 - (h) the applicant is a Custodian and has failed to provide AQC with a Custodian Certificate; or
 - (i) the applicant has not otherwise complied with the Terms and Conditions.
- 4.6 The Board reserves the right to allocate fewer, or no, Shares than an Eligible Shareholder applies for under the SPP, including, without limitation, in the event that the SPP is oversubscribed at its sole discretion.
- 4.7 If there is a consolidation or re-organisation of the issued share capital of AQC prior to the Closing Date, the maximum number of Shares to be issued pursuant to and in accordance with the SPP shall be consolidated in the same ratio as the issued capital of AQC.

5. Certification by Eligible Shareholder

- 5.1 By submitting an Application Form, together with the appropriate payment of the Application Amount in the manner specified in clause 4.1(a)-(c) you certify, acknowledge, warrant and represent as true, correct and not misleading to the Company that if you are not a Custodian, the aggregate of the application price paid by you for:
- (a) the Shares the subject of the Application Form;
 - (b) any other ordinary shares in AQC issued to you, or a Custodian (as a result of an instruction given by you to the Custodian to apply for ordinary shares in AQC on your behalf) under the SPP or under any similar arrangement operated by AQC in the 12 months prior to the date of submission of the Application Form; and
 - (c) any other Shares which you have instructed a Custodian to acquire on your behalf under the SPP,
- does not exceed \$15,000.

6. Custodian

- 6.1 Eligible Shareholders who are Custodians may participate in the SPP on behalf of:
- (a) a person, who is not a Custodian, on whose behalf the Custodian is holding ordinary shares;
 - (b) a person that another Custodian (**Downstream Custodian**) holds the beneficial interest in ordinary shares on behalf of and that the Custodian holds the shares to which those beneficial interests relate on behalf of the Downstream Custodian or another Custodian,
- each beneficiary (**Participating Beneficiary**).
- 6.2 If you are a Custodian holding AQC shares on behalf of 2 or more persons jointly, the joint beneficiaries will be taken to be a single Participating Beneficiary for the purposes of these Terms and Conditions.
- 6.3 If you are a Custodian and hold AQC shares on behalf of 1 or more Participating Beneficiaries, you may apply for up to a maximum of \$15,000 worth of Shares for each Participating Beneficiary subject to providing AQC with a Custodian Certificate (in the form or substantially in the form set out in Schedule 1), in addition to the Application Form, certifying the following:
- (a) that, as at the Record Date, you hold shares on behalf of one or more Participating Beneficiaries and the Participating Beneficiaries have instructed you to apply for Shares on their behalf under the SPP;
 - (b) the number of Participating Beneficiaries;
 - (c) the name and address of each Participating Beneficiary for whom the Custodian applies for Shares;
 - (d) in respect of each Participating Beneficiary either;

- (1) the number of ordinary shares that the Custodian holds on their behalf; or
 - (2) in the case of a Downstream holding, the number of ordinary shares to which the beneficial interest relates;
- (e) in respect of each Participating Beneficiary either:
- (1) the number or the dollar amount of Shares the Participating Beneficiary has instructed the Custodian to accept on their behalf; or
 - (2) in the case of a Downstream holding, the number or the dollar amount of Shares the Participating Beneficiary has instructed the Downstream Custodian to accept on their behalf;
- (f) that there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds \$15,000:
- (1) the Shares applied for by you as Custodian on their behalf under the SPP; and
 - (2) any other ordinary shares in AQC issued to you as Custodian in the 12 months prior to the date of submission of the Application Form as a result of an instruction given by them to you as Custodian, or to the Downstream Custodian as the case may be, to apply for ordinary shares in AQC under an arrangement similar to the SPP operated by AQC;
- (g) that a copy of the written offer document was given to each Participating Beneficiary; and
- (h) in the event of shares held by a Downstream Custodian, the name and address of each Custodian who holds beneficial interests in ordinary shares in relation to each Participating Beneficiary.

6.4 Custodians wishing to participate on behalf of one or more Beneficiaries or Downstream Custodians should contact the Share Registry on 1300 554 474 to obtain more information on how to apply and the form of certification (in compliance with condition 9 of the Class Order) to be given.

7. Issue of Shares

7.1 AQC is prohibited from issuing any Shares to any Eligible Shareholder unless the Eligible Shareholder has provided the certification set out in section 5, and if a Custodian, has provided a Custodian Certificate, at the time of applying for the Shares.

7.2 The Directors of AQC reserve the right to issue to Eligible Shareholders such number of Shares under the SPP as is permitted under the Listing Rules without shareholder approval. In the event that the SPP is oversubscribed, the Board reserves the right to allocate fewer, or no, Shares than an Eligible Shareholder applies for under the SPP at its sole discretion.

7.3 AQC intends to issue the Shares under the SPP on or about 22 July 2013 (**Issue Date**). AQC reserves the right to vary the Issue Date without further notice in the event that the Closing Date is varied pursuant to clauses 3.2 and/or 10.1.

- 7.4 In respect of application monies received from an Eligible Shareholder, AQC will, prior to the Issue Date, determine the maximum number of Shares rounded down to the nearest whole number.
- 7.5 The allocation of Shares will be determined by the Board at its sole discretion.
- 7.6 In the event that the Offer under the SPP is not fully subscribed, the Board reserves its right to issue Shares in excess of the maximum \$15,000 worth of Shares specified in clause 3.3. (**Additional Issue**), to any person (whether or not such person is an Eligible Shareholder) so long as the Additional Issue:
- (a) satisfies section 708 of the Corporations Act; and
 - (b) any approval of Shareholders to the Additional Issue which is required under the Listing Rules or the Corporations Act is obtained.
- 7.7 AQC will apply to ASX for quotation of the Shares issued under the SPP and the Additional Issue (if any) within the period prescribed in the Listing Rules.

8. Subscription Price

- 8.1 The price of the Shares will be the Subscription Price.
- 8.2 Compared with the Average Market Price over the last 5 days on which trading in AQC's shares were recorded prior to the announcement of the SPP on 27 June 2013, the Subscription Price represents a discount of 17.4% to the weighted average trading price and a 19.4% discount to the Average Market Price over that period.
- 8.3 The Shares are a speculative investment and the Market Price of the Shares may change between the Opening Date and the Issue Date. This means that the Subscription Price you pay for the Shares may exceed the Market Price of the Shares at the Issue Date. The Company does not make any assurance as to the Market Price of Shares and there can be no certainty that Shares in the Company will trade at or above the Subscription Price following the Issue Date. Shareholders should seek their own financial advice in relation to this Offer and participation in the SPP.
- 8.4 No brokerage, commissions, stamp duty or other transaction costs will be payable by Eligible Shareholders in respect of an application for, and an issue of, Shares under the SPP.
- 8.5 The Company may pay brokerage and other commissions in respect of any subscriptions procured in respect of any Additional Issue, as determined by the Board in its discretion.

9. Non-residents

- 9.1 The right to participate in this offer under the SPP is available exclusively to persons who were registered as holders of fully paid ordinary shares in AQC at 7.00pm (Brisbane time) on the Record Date and whose registered address was in Australia or New Zealand.
- 9.2 In New Zealand, the Offer of Shares under the SPP is in accordance with the Securities Act (Overseas Companies) Exemption Notice 2002, which grants relief from the requirement to prepare an investment statement or prospectus for this Offer

- 9.3 The Company has decided that it is unreasonable for Shareholders with registered addresses outside Australia and New Zealand to participate in this offer under the SPP, having regard to the number of Shareholders in those places, the number and value of the Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the right to participate in this offer is not being extended to, and does not qualify for distribution or sale by, and no Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand.
- 9.4 This document may not be released or distributed in the United States. The Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. The Shares may not be taken up by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. The Shares may not be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States.

10. General

- 10.1 The Board may change or terminate the SPP at any time prior to the Issue Date. In the event that the Board does so, it will advise the ASX. Any omission to give notice of changes to, or termination of, the SPP, or the non-receipt of any such notice, will not invalidate the change or termination.
- 10.2 If the SPP is withdrawn, all Application Amounts received by AQC will be refunded. No interest will be paid on any refunded Application Amounts.
- 10.3 In addition to any rights of the Board to reject applications as set out in these Terms and Conditions, the Board also reserves the right to allocate fewer, or no, Shares than an Eligible Shareholder applies for under the SPP if the Board believes that the allotment of those Shares would contravene any of the Listing Rules or the requirements of the Class Order. In any such case, excess Application Amounts will be returned to the relevant applicant(s). No interest will be paid on Application Amounts so returned.
- 10.4 AQC may settle in any manner it deems appropriate, any disputes or anomalies which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any applicant or application of shares. The decision of AQC will be conclusive and binding on all persons to whom the determination relates.
- 10.5 AQC reserves the right to waive compliance with any provision of the SPP Terms and Conditions.
- 10.6 The Offer of Shares under the SPP is in accordance with the Class Order which grants relief from the requirement to prepare a disclosure document for this Offer and in accordance with the Listing Rules.

The contents of this document have not been reviewed by any regulatory authority in any jurisdiction.